

Message Text

CONFIDENTIAL

PAGE 01 STATE 229432 TOSEC 270219

43

ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 CCO-00 /026 R

DRAFTED BY E:RASORENSEN:PB

APPROVED BY E:RASORENSEN

EB - PAUL BOEKER (SUBS)

EB - ERNEST H. PREEG (SUBS)

S/S -O:LRMACFARLANE

DESIRED DISTRIBUTION

E AND EB ONLY

----- 018134

Z 161733Z SEP 76 ZFF4

FM SECSTATE WASHDC

TO USDEL SECRETARY FLASH

C O N F I D E N T I A L STATE 229432 TOSEC 270219

EXDIS - FOR UNDER SECRETARY ROGERS FROM SORENSON

E.O. 11652: GDS

TAGS: OECD, CIEC, EGEN, ETRD, EFIN, EAID

SUBJECT:CIEC

REF: A. SECTO 27110; B. TOSEC 270181; C. TOSEC 270186

1. REFTTEL B CONTAINS TEXT OF JOINT US/EC CIEC PROPOSAL ON DEBT TABLED IN DEVELOPMENT COMMISSION SEPTEMBER 14. THIS PROPOSAL DISTINGUISHES BETWEEN (A) ACUTE DEBT CRISIS SITUATIONS AND (B) LONGER TERM SITUATIONS INVOLVING FINANCIAL, STRUCTURAL AND OTHER PROBLEMS OF WHICH DEBT IS ONE ELEMENT. FOR ACUTE DEBT SITUATIONS IT PROVIDES (A) GUIDELINES FOR DEBT RENEGOTIATIONS, AND (B) PROCEDURAL CHANGES IN THE CREDITOR CLUB WHICH WOULD PROVIDE A MORE COOPERATIVE ATMOSPHERE FOR DEALING WITH THE ISSUE. FOR LDGS WITH LONGER-TERM PROBLEMS, PROPOSAL CONTEMPLATES (A) AN EXAMINATION OF THE SITUATION BY MULTILATERAL DEVELOPMENT FINANCE INSTITUTION, SUCH AS THE IBRD, AND, CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 229432 TOSEC 270219

(B) IF APPROPRIATE, THE FORMATION OF AID CONSORTIA OR OTHER

DONOR GROUPS TO SYMPATHETICALLY CONSIDER A RANGE OF MEASURES DESIGNED TO DEAL WITH THE PROBLEM.

2. US AND EC BOTH REGARD THIS PROPOSAL AS A SUBSTANTIAL FORWARD STEP AIMED AT CONSTRUCTIVELY ADDRESSING LDCS NEEDS WHERE AN AID PROBLEM HAS BEEN FRAMED IN TERMS OF DEBT. SUBMISSION OF PROPOSAL WAS ACCOMPANIED BY POSITIVE STATEMENTS BY BOTH US AND EC DELS AND WAS INTENDED TO INDICATE EARNEST DESIRE FOR FORWARD MOVEMENT FROM THE BEGINNING. ON SEPTEMBER 15, G-19 SUBMITTED A NUMBER OF THEIR OWN PROPOSALS ON DEBT BEING REPEATED TO YOU SEPTTEL. THERE ARE INDICATIONS THAT A NUMBER OF G-19 COUNTRIES ARE HAVING SECOND THOUGHTS ABOUT GENERALIZED APPROACH EARLIER ADVOCATED, ALTHOUGH THIS NOT APPARENT FROM THEIR SUBMISSION.

3. IN THE DEPARTMENT AND AID WE ARE ALSO WORKING ON A POSSIBLE PROPOSAL FOR INCREASED HIGH-QUALITY AID TO THE LOW-INCOME LDCS, AS AN ALTERNATIVE TO DEBT RELIEF, WITH A TARGET INCREASE SHARED AMONG OECD AND OPEC DONORS. FORM SUCH A PROPOSAL MIGHT TAKE DEPENDS ON FURTHER ANALYSIS OF INCREASES IN US AID TO THE LOW-INCOME LDCS ALREADY IMPLICIT IN CURRENT AND PROSPECTIVE BUDGET LEVELS.

4. WITH REGARD TO PRESERVATION OF PURCHASING POWER, AS RELATED TO ENERGY AND RAW MATERIALS COMMISSIONS, BOSWORTH MADE CLEAR DURING SEPTEMBER 14 PRESS CONFERENCE THAT, ALTHOUGH WE ARE PREPARED TO CONSIDER ANY RELEVANT PROPOSALS, USG VIEW ON SUBSTANCE OF INDEXATION IS THAT THIS IS NOT AN ECONOMICALLY FEASIBLE MECHANISM. DURING THE SEPTEMBER AND OCTOBER COMMISSION MEETINGS, WE WILL AIM AT DRAWING THE TEETH FROM THIS ISSUE BY TABLING PROPOSALS DESIGNED TO PROVIDE BENEFITS TO LDCS INCLUDING INCREASED EXPORT EARNINGS. FOR EXAMPLE, THE IRB, IS INTENDED TO HELP LDCS ACHIEVE THIS THROUGH EXPANDED PRODUCTION; THE ENERGY INSTITUTE WOULD ACCELERATE INDIGENOUS ENERGY PRODUCTION IN LDCS; THE INTERNATIONAL INDUSTRIALIZATION INSTITUTE WOULD SPEED THE TRANSFER OF TECHNOLOGY TO LDCS. HABIB

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOSEC, POLICIES, ECONOMIC ASSISTANCE, LESS DEVELOPED COUNTRIES, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 SEP 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE229432
Document Source: CORE
Document Unique ID: 00
Drafter: RASORENSEN:PB
Enclosure: n/a
Executive Order: GS
Errors: n/a
Film Number: D760349-1015
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760952/aaaabskq.tel
Line Count: 99
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY <MCM 20040528 CORRECTION>; ONLY, EXDIS
Reference: 76 SECTO 27110
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUL 2004 by CunninFX>; APPROVED <04 NOV 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CHANGED> MCM 20040528
Subject: CIEC
TAGS: EGEN, ETRD, EFIN, EAID, US, XX, OECD, CIEC
To: SECRETARY
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006